

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

ANTONIO CANOVA
25505 Bledsoe Court
Los Altos, CA 94022
California Public Accountant License
No. 52769

Respondent.

Case No.: AC-2010-18

OAH No.: 2010101113

DECISION AND ORDER

The attached Proposed Decision and Order of the Administrative Law Judge is hereby adopted by the California Board of Accountancy of the Department of Consumer Affairs, as its Decision in the above-entitled matter.

This Decision shall become effective on June 27, 11.

It is so ORDERED on May 27, 2011.



For The CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

ANTONIO CANOVA,

Certified Public Accountant License
No. 52769,

Respondent.

Case No. AC-2010-18

OAH No. 2010101113

PROPOSED DECISION

Administrative Law Judge David L. Benjamin, State of California, Office of Administrative Hearings, heard this matter in Oakland, California, on February 1, 2011.

Deputy Attorney General Justin R. Surber represented complainant Patti Bowers, Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

Robert B. Buehler, Attorney at Law, Hogan Lovells US LLP, represented respondent Antonio Canova, who was present.

The matter was submitted on February 1, 2011.

FACTUAL FINDINGS

1. On May 12, 1989, the California Board of Accountancy (board) issued Certified Public Accountant License Number 52769 to respondent Antonio Canova. The license expired on September 30, 2009. On April 21, 2010, it was renewed as "inactive." The inactive license will expire on September 30, 2011, unless renewed. There is no history of prior license discipline.

2. Complainant Patti Bowers, acting in her official capacity as executive officer of the board, issued the accusation on June 8, 2010. The accusation alleges that respondent is subject to discipline because the Securities and Exchange Commission (SEC or commission) suspended his right to appear before that body; because respondent failed to timely report the SEC suspension to the board; and because respondent suffered a civil judgment which he failed to timely report to the board. Respondent filed a notice of defense.

Background

3. From May 2001 to December 2005, respondent was the chief financial officer of Brocade Communications Systems, Inc., a San Jose computer networking company whose stock was publicly traded and registered with the SEC. Before becoming CFO at Brocade, respondent was Brocade's vice-president of finance for about six months; the CFO of Wireless Communications, Inc., for about one year; and an audit partner at KPMG's San Jose office for over 10 years, where he performed and managed audits of technology companies and advised on mergers and acquisitions and initial public offerings.

4. During the time that respondent was at Brocade, stock options were commonly used by Brocade – and other Silicon Valley companies – to attract and retain valuable employees. Whether Brocade was required to record an expense in its financial statements for options granted to employees depended on whether the options were granted at the current market price (“at-the-money”) or below the current market price (“in-the-money”). Accounting principles required Brocade to record an expense in its financial statements for any options granted below the current market price.

5. In January 2005, Brocade restated financial results it had previously announced for 1999 through 2004, to record expenses for options granted to employees. The restated results had the following impact: (1) net loss for the 2004 fiscal year increased from \$1.3 million to \$32 million (i.e., net loss was understated by 95.9 percent); (2) net loss for fiscal year 2003 increased from \$136 million to \$146 million; (3) net income for fiscal year 2002 increased from \$60 million to \$126 million; and (4) income for fiscal years 1999 through 2001 declined by a total of \$303 million.

6. In May 2005, Brocade announced a further restatement to include additional stock-based compensation expense of \$0.9 million related to options grants between August 2003 and November 2004.

SEC civil proceedings

7. In July 2006, the SEC filed a civil complaint against Gregory L. Reyes, the chief executive officer of Brocade; respondent; and Stephanie Jensen, a vice-president of human resources for Brocade. (*Securities and Exchange Commission v. Gregory L. Reyes, Antonio Canova and Stephanie Jensen*, Civil Action No. C-06-4435, United States District Court, Northern District of California, San Jose Division.) The complaint alleged that Brocade concealed millions of dollars in expenses from investors, and significantly overstated the company's income, by falsifying records relating to stock option grants. The complaint alleged that, to provide Brocade employees and executives with far more lucrative in-the-money options without having to inform investors of millions of dollars in compensation expenses, Reyes “engaged in a scheme to grant ‘in-the-money’ options by falsifying company records to create the false appearance that the options had been granted at the market price on an earlier date.”

As to respondent, the complaint alleged that as early as 2001 he had specific information that suggested the existence of the backdating scheme but did nothing to investigate; that in 2002 he was given specific information that the options grants for two employees had been forged so that they could get better priced options, but he did not investigate; that certain directions he gave helped facilitate the fraudulent scheme; and that respondent knew or was reckless in not knowing that the company's documentation of options grants was not reliable and that Brocade's financial statements and disclosures to stockholders were materially false and misleading. The complaint alleged that respondent signed various annual and quarterly reports that were filed with the SEC, and that those reports materially misrepresented Brocade's stock-based compensation expense and income and loss, and made materially false and misleading disclosures and omitted material information about Brocade's stock option practices.

The complaint requested that the court issue orders permanently restraining the defendants from violating various provisions of federal securities laws; directing the defendants to disgorge all wrongfully obtained benefits; directing the defendants to pay civil monetary penalties; and barring Reyes and respondent from serving as officers and directors of any public company.

8. On April 6, 2009, pursuant to a consent agreement between respondent and the SEC, the court issued a final judgment against respondent. The judgment permanently enjoins respondent from violating various provisions of federal securities law, including 15 U.S.C. § 78m(b)(5) (knowingly circumventing a system of internal controls); Rule 13b2-2 under the Securities Exchange Act of 1934 (making a materially false statement or omitting a material fact to an accountant in connection with an examination of financial statements or the preparation of SEC filings); and Rule 13a-14 under the Exchange Act (falsely certifying financial reports). The judgment orders respondent to pay disgorgement and interest thereon in the total amount of \$249,351, and orders him to pay a civil penalty in the amount of \$120,000. The order does not prohibit respondent from serving as an officer or director of any public company. The consent agreement contains no admissions or findings of wrongdoing.

9. Respondent did not inform the board of the final judgment within 30 days of the date the judgment was issued. The board learned of the judgment in June 2009, when it received a letter from the SEC.

SEC administrative proceeding

10. On April 13, 2009, following entry of the civil judgment against respondent, the SEC issued an order suspending respondent from appearing or practicing before the commission as an accountant. (Administrative Proceeding File No. 3-1344.) The order states that respondent may request reinstatement after three years from the date of the order. The SEC order was issued pursuant to a settlement agreement between respondent and the commission. The settlement agreement contains no admissions or findings of wrongdoing.

11. Respondent did not inform the board of his suspension within 30 days of the date he had knowledge of it. The board learned of the suspension from the SEC in June 2009.

Respondent's evidence

12. Respondent is 49 years old. He and his wife have three children. Respondent resigned his position at Brocade in December 2005. He is currently the CFO of Coulomb Technologies.

13. In this proceeding, respondent generally denies any wrongdoing on his part with respect to the options practices at Brocade. He denies that he had any specific information relating to the fraudulent backdating of options at Brocade and denies that he failed to appropriately investigate the company's options grants. According to respondent, the granting and pricing of options were in the exclusive control of Reyes, the CEO, and Jensen, who was in charge of human resources. Respondent states that he and his staff noticed what appeared to be "mistakes" or "errors" in the paperwork coming out of human resources related to stock options; respondent attributed the mistakes to sloppiness or incompetence, not to fraud. Even so, respondent testified, he asked his staff to investigate but Reyes and Jensen lied and concealed their fraudulent backdating scheme. Respondent notes that criminal charges were brought against Reyes and Jensen (no criminal charges were ever brought against respondent) and that they were convicted and given prison sentences. Respondent emphasizes that he has always had an open, transparent management style and that he had instituted numerous practices at Brocade to bring all important financial issues to light; respondent states that even the best management practices cannot protect a CFO against officers who withhold information or who do not tell the truth.

14. As CFO, respondent viewed options grants as a routine, low-risk area from an accounting point of view. Respondent himself received stock options during his employment at Brocade on which he made between \$2 and \$2.5 million when he exercised them.

15. Respondent decided to settle the SEC's charges against him because he wanted to end four years of litigation and "get on with [his] career." Respondent found the continuing publicity over events at Brocade humiliating and embarrassing. Respondent is proud of the things that he did well at Brocade but, as to the backdating of options, he feels "terrible that we missed it and did not detect it." Respondent has learned "hard lessons about who to believe" and feels that he is a better and more capable CFO today because of that experience.

16. Respondent cooperated with law enforcement authorities in their criminal investigation of Reyes and Jensen.

17. Respondent states that he did not know that he was required to advise the board of the final judgment in the SEC's civil action or the SEC's suspension of his right to

appear before the commission. When he learned of his obligation, he promptly informed the board of both proceedings.

18. Deranleau and Charles Read, Brocade's corporate controller, appeared at hearing as character witnesses on respondent's behalf. Deranleau worked for respondent at Brocade for about two years, from 2003 to 2005, and became CFO when respondent resigned in December 2005; Read worked for respondent for about one year. Deranleau and Read describe respondent as a highly competent, conservative and ethical accountant. Deranleau stated that, in his view, respondent is "absolutely trustworthy" and that he was the victim of collusion by Reyes and Jensen. Read stated that he holds respondent in the highest regard, and feels that respondent has been "unfairly targeted."

19. Stephen Riggins appeared at hearing on behalf of respondent. Riggins retired from KPMG in 2002 after 30 years with the firm. He served on the firm's board of directors and the board's management committee. Riggins has known respondent since KPMG recruited respondent out of college in 1983. Riggins has always held respondent in high regard; he felt that, because of respondent's technical expertise, his management skills, and his ability to establish relationships with major clients, he could one day be chairman of the firm. Riggins testified that respondent is "absolutely trustworthy" and that he has made respondent one of the trustees of his estate. Asked about the scale of Brocade's first restatement, in which it revealed (among other things) that it had understated its net loss for 2004 by over 95 percent, Riggins stated, "You would think that a CFO could detect that." It appears that Riggins does not fault respondent for his oversight on the grounds that "70 or 80 backdating cases [from other companies] came out of the woodwork" at the same time.

Costs

20. The board has incurred costs of \$9,190.21 in its investigation and enforcement of this case. No evidence was offered to challenge the reasonableness of these costs.

LEGAL CONCLUSIONS

First cause for discipline

1. The board may take disciplinary action against a licensee for unprofessional conduct. (Bus. & Prof. Code, § 5100.¹) Under section 5100, the term "unprofessional conduct" includes "[s]uspension or revocation of the right to practice before any governmental body or agency" (subd. (h)). Cause for discipline exists under this provision by reason of the SEC's suspension of respondent's right to appear or practice before that body. (Finding 10.)

¹ All statutory references are to the Business and Professions Code.

Second cause for discipline

2. Under section 5100, unprofessional conduct also includes “[t]he imposition of any discipline, penalty, or sanction . . . on a [licensee] by the . . . United States Securities and Exchange Commission” (subd. (l)). Cause for discipline exists under this provision by reason of the SEC’s suspension of respondent’s right to appear or practice before that body. (Finding 10.)

Third cause for discipline

3. Section 5063, subdivision (a)(3), provides that a licensee must report to the board in writing within 30 days of the date the licensee has knowledge of the “cancellation, revocation, or suspension of the right to practice as a certified public accountant before any governmental body or agency.” Cause for discipline exists under this provision, as it relates to section 5100, subdivision (g), by reason of respondent’s failure to timely notify the board of the SEC’s suspension of his right to appear or practice before that body. (Finding 11.)

Fourth cause for discipline

4. Section 5063, subdivision (c), provides that a licensee must report to the board, in writing within 72 hours, any judgment against the licensee in any civil action alleging dishonesty, fraud, gross negligence or negligence (subd. (c)(1)), breach of fiduciary duty (subd. (c)(2)), preparation of false or materially misleading financial statements or reports (subd. (c)(3)), or any “actionable conduct by the licensee in the practice of professional accountancy . . .” (subd. (c)(5)). Cause for discipline exists under section 5063, subdivision (c), as that section relates to section 5100, subdivision (g), by reason of respondent’s failure to timely notify the board of the final judgment issued in the case of *Securities and Exchange Commission v. Gregory L. Reyes, Antonio Canova and Stephanie Jensen*. (Finding 9.)

Discussion

5. Cause for license discipline having been established, the issue that remains is the appropriate level of discipline. The board has adopted guidelines to assist in evaluating the level of discipline to be imposed in a particular case. The minimum discipline for a licensee who is sanctioned in any manner by the SEC, or who is suspended from practice by a governmental body, is a stayed revocation and three years’ probation; the maximum discipline is revocation. Evidence of a breach of fiduciary duty is identified by the board as an aggravating factor. Evidence that the respondent cooperated with the investigations of law enforcement or regulatory agencies is identified as a mitigating factor, as is convincing proof of rehabilitation; demonstration of remorse; recognition by the respondent of his wrongdoing and “demonstration of corrective action to prevent recurrence”; and the “relative degree of culpability” among licensees involved in a violation. In evaluating a respondent’s rehabilitation, the board is concerned with the nature and severity of the acts or offenses, the

passage of time since the acts or offenses, and any other evidence of rehabilitation offered by a respondent. The burden of proof is on respondent to demonstrate rehabilitation.

There are facts that militate toward a period of probation, the level of discipline that respondent asserts is appropriate. Before the backdating issue came to light at Brocade, respondent enjoyed a successful, if not a stellar, career. There is no history of prior disciplinary action. Respondent cooperated with law enforcement officials who were investigating Reyes and Jensen, and respondent is less culpable than these two individuals who were criminally prosecuted and convicted. Respondent expresses remorse that he did not discover the misconduct of Reyes and Jensen. Riggins, respondent's mentor at KPMG, and Deranleau and Read, respondent's colleagues at Brocade, praise respondent as an honest and highly competent accountant. All of these matters are to respondent's credit.

Great weight, however, is given to the judgment of the SEC, which investigated the activities at Brocade and imposed severe sanctions on respondent. Respondent downplays the severity of the SEC's disciplinary action, asserting that the commission could have suspended him for a longer period or imposed an officer and director ban. The fact is, however, that the SEC concluded that respondent is not fit to practice before the commission at this time and, through its civil action, secured a court order requiring respondent to pay almost \$370,000 in disgorgement of wrongfully obtained benefits and civil penalties. Respondent argues that placing him on probation would be commensurate with the SEC's action, while revocation of his California license would be a harsher level of discipline. Respondent's argument is not persuasive. Respondent is barred from practicing before the SEC and may not apply for reinstatement for three years. If the SEC's action is commensurate with any form of state license discipline, it is commensurate with license revocation, not probation; a California licensee whose license is revoked can apply for reinstatement after one year. (§ 5115, subd. (a).)

These matters demand a strong demonstration of rehabilitation, and respondent has not made such a showing. Respondent does not accept any real personal responsibility for the events that led to Brocade's two restatements. Although respondent was the company's CFO for three of the five years covered by Brocade's restatements, in this proceeding respondent portrays himself as a victim. His self-portrayal is inconsistent with the SEC's disciplinary action and the significant monetary penalties imposed by the court. Respondent has not identified any corrective action that he would take if he were confronted with a similar situation in the future.

It is concluded, therefore, that at least at this time, it would be contrary to the public interest to allow respondent to retain his license as a certified public accountant, even on a probationary basis.

Cost recovery

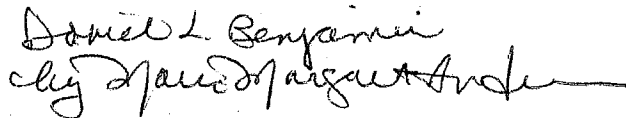
6. Complainant has requested that respondent be ordered to pay the board its costs of investigation and enforcement. Business and Professions Code section 125.3

provides that respondent may be ordered to pay the board "a sum not to exceed the reasonable costs of the investigation and enforcement of the case." The actual costs of investigation and enforcement are \$9,190.21. (Finding 20.) The case of *Zuckerman v. Board of Chiropractic Examiners* (2002) 29 Cal.4th 32 sets forth the factors to be considered in determining the reasonableness of costs. Those factors include whether the licensee has been successful at hearing in getting the charges dismissed or reduced, the licensee's good faith belief in the merits of his position, whether the licensee has raised a colorable challenge to the proposed discipline, the financial ability of the licensee to pay, and whether the scope of the investigation was appropriate to the alleged misconduct. None of these factors militates in respondent's favor. The board's costs are found to be reasonable. The board is authorized to recover \$9,190.21 from respondent.

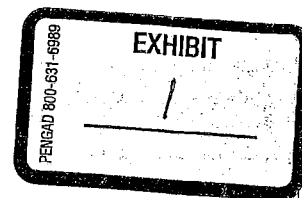
ORDER

1. Certified Public Accountant License Number 52769 issued to respondent Antonio Canova is revoked.
2. Respondent shall pay the board its costs of investigation and enforcement in the amount of \$9,190.21.

DATED: March 3, 2011

A handwritten signature in black ink, appearing to read "David L. Benjamin", is written over a horizontal line.

DAVID L. BENJAMIN
Administrative Law Judge
Office of Administrative Hearings



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13 **BEFORE THE**
14 **CALIFORNIA BOARD OF ACCOUNTANCY**
15 **DEPARTMENT OF CONSUMER AFFAIRS**
16 **STATE OF CALIFORNIA**

17 In the Matter of the Accusation Against:

Case No. AC-2010-18

18 **ANTONIO CANOVA**
19 25505 Bledsoe Court
20 Los Altos Hills, CA 94022
21 **Certified Public Accountant License**
22 **No. 52769**

A C C U S A T I O N

23 Respondent.

24 Complainant alleges:

25 **PARTIES**

26 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
27 the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

28 2. On or about May 12, 1989, the California Board of Accountancy issued Certified
Public Accountant License Number 52769 to Antonio Canova (Respondent). The Certified
Public Accountant License expired on September 30, 2009. On April 21, 2010, the license was
renewed "inactive" because Respondent failed to include a declaration of compliance with
continuing education requirements. The inactive license will expire on September 30, 2011,
unless renewed.

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JURISDICTION

3. This Accusation is brought before the California Board of Accountancy (Board), Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

4. Section 5100 states:

"After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

...

"(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

"(h) Suspension or revocation of the right to practice before any governmental body or agency.

...

"(i) The imposition of any discipline, penalty, or sanction on a registered public accounting firm or any associated person of such firm, or both, or on any other holder of a permit, certificate, license, or other authority to practice in this state, by the Public Company Accounting Oversight Board or the United States Securities and Exchange Commission, or their designees under the Sarbanes-Oxley Act of 2002 or other federal legislation."

5. Section 5063, states, in pertinent part:

"(a) A licensee shall report to the board in writing of the occurrence of any of the following events . . . within 30 days of the date the licensee has knowledge of these events:

...

"(3) The cancellation, revocation, or suspension of the right to practice as a certified public accountant or a public accountant before any governmental body or agency."

...

“(c) A licensee shall report to the board in writing, within 30 days of the entry of the judgment, any judgment entered on or after January 1, 2003, against the licensee in any civil action alleging any of the following:

(1) Dishonesty, fraud, gross negligence, or negligence.

(2) Breach of fiduciary responsibility.

(3) Preparation, publication, or dissemination of false, fraudulent, or materially misleading financial statements, reports, or information.

(4) Embezzlement, theft, misappropriation of funds or property, or obtaining money, property, or other valuable consideration by fraudulent means or false pretenses, or other errors or omissions.

(5) Any actionable conduct by the licensee in the practice of public accountancy, the performance of bookkeeping operations, or other professional practice.”

6. Section 5107(a) of the Code states:

"The executive officer of the board may request the administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate found to have committed a violation or violations of this chapter to pay to the board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees. The board shall not recover costs incurred at the administrative hearing."

7. Section 125.3 of the Code provides, in pertinent part, that the Board/Registrar/Director may request the administrative law judge to direct a licensee found to have committed a violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

FACTUAL BACKGROUND

8. Respondent's license is subject to discipline based upon two separate actions by the Securities and Exchange Commission ("SEC") and Respondent's failure to report those actions to the Board.

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1 SEC CIVIL CASE

2 9. The first SEC action involved a civil suit filed on July 20, 2006 in the U.S. District
3 Court for the Northern District of California, entitled *Securities and Exchange Commission v.*
4 *Gregory L. Reyes, Antonio Canova, and Stephanie Jensen*, Civil Action No. C-06-4435 ("Civil
5 Action"). The complaint in the Civil Action alleged that during his tenure as Chief Financial
6 Officer of Brocade Communications Systems, Inc. ("Brocade"), Respondent received information
7 calling into question the integrity of Brocade's financial statements based on its options granting
8 process carried out by Brocade's then chief executive officer. Respondent allegedly received
9 emails and other information suggesting that Brocade's then chief executive officer was
10 backdating options grants to executives and others so that the grantees would receive in-the-
11 money options that appeared to be granted at-the-money.¹ The complaint further alleged that
12 Respondent did not, in a timely manner, investigate or review the impact of certain options grants
13 on Brocade's financial statements, and that, as a consequence, Brocade issued materially
14 misleading financial statements included in annual and quarterly reports filed on Forms 10-K and
15 10-Q with the Securities and Exchange Commission during the company's fiscal years 2001
16 through 2004, which Respondent certified and which should have recorded a compensation
17 expense for the in-the-money options grants but did not.

18 10. The Complaint in the Civil Action, alleged Respondent was involved in: fraud;
19 dishonesty; making false and misleading representations; falsely certifying annual and quarterly
20 reports filed with the SEC; falsifying or causing to be falsified, books, records or accounts;
21 providing substantial assistance to the filing of false and misleading reports.

22 11. On or about April 6, 2009, a final judgment was entered against Respondent. The
23 judgment enjoined Respondent from violating several sections of the Securities Act of 1933 and
24 the Securities Exchange Act of 1934. The judgment found Respondent liable for disgorgement of

25 ¹ An option is at-the-money if the strike price is the same as the spot price of the underlying
26 security on which the option is written. An at-the-money option has no intrinsic value, only time
27 value. An in-the-money option has positive intrinsic value as well as time value. A call option is
28 in-the-money when the strike price is below the spot price. A put option is in-the-money when the
strike price is above the spot price.

1 \$219,216, plus interest in the amount of \$30,135. The judgment also ordered Respondent to pay
2 a civil penalty of \$120,000 pursuant to Section 20(d) of the Securities Act of 1933 and Section
3 21(d)(3) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 77t(d) & 78u(d)(3). Payment of
4 Disgorgement and Civil Penalties would be made to the SEC.

5 SEC ADMINISTRATIVE CASE

6 12. The second SEC proceeding was an administrative proceeding captioned *In the*
7 *Matter of Antonio Canova*, Securities and Exchange Commission Release No. 2961/
8 Administrative Proceeding File No. 3-13441. This matter was resolved on April 13, 2009, by the
9 issuance of an order instituting administrative proceedings pursuant to Rule 102(e) of the SEC's
10 Rules of Practice, making findings, and imposing remedial sanctions against Respondent. The
11 SEC's order suspended Respondent from appearing or practicing before the SEC as an
12 accountant. The Order provides that Respondent may request that the Commission consider his
13 reinstatement after 3 years from the date of the Order, that is, after April 13, 2012.

14 13. The SEC made findings summarizing the allegations of the Civil Action referenced in
15 paragraphs 9-11, and imposed a suspension on Respondent based upon its authority to suspend
16 from appearing or practicing before it any accountant who has been permanently enjoined by any
17 court of competent jurisdiction, by reason of his misconduct in an action brought by the SEC,
18 from violating or aiding and abetting the violation of any provision of the Federal securities laws
19 or of the rules and regulations thereunder, pursuant to Rule 102(e)(3)(i) of the Commission's
20 Rules of Practice.

21 FIRST CAUSE FOR DISCIPLINE

22 (Discipline by Government Agency)

23 14. Respondent is subject to disciplinary action under section 5100(h) of the code in that
24 on or about April 13, 2009 a governmental body or agency suspended Respondent's right to
25 practice before that governmental body or agency. The circumstances are described in
26 paragraphs 12-13, above.

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1 SECOND CAUSE FOR DISCIPLINE

2 (Discipline by SEC)

3 15. Respondent is subject to disciplinary action under section 5100(l) of the code in that
4 on or about April 13, 2009, in Securities and Exchange Commission Release No. 2961/
5 Administrative Proceeding File No. 3-13441, the United States Securities and Exchange
6 Commission suspended Respondent's right to appear or practice before that body. The
7 circumstances are described in paragraphs 12-13, above.

8 THIRD CAUSE FOR DISCIPLINE

9 (Failure to Report Discipline)

10 16. Respondent is subject to disciplinary action under sections 5100(g) and 5063(a)(3) of
11 the code in that Respondent failed to report his suspension by the United States Securities and
12 Exchange Commission to the Board within 30 days of the suspension.

13 FOURTH CAUSE FOR DISCIPLINE

14 (Failure to Report Civil Judgment)

15 17. Respondent is subject to disciplinary action under sections 5100(g) and 5063(c) of the
16 code in that Respondent failed to report the civil judgment described in Paragraphs 9-11, above,
17 to the Board within 30 days of the judgment.

18 PRAYER

19 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
20 and that following the hearing, the California Board of Accountancy issue a decision:

21 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
22 Accountant License Number 52769, issued to Antonio Canova;

23 2. Ordering Antonio Canova to pay the California Board of Accountancy the reasonable
24 costs of the investigation and enforcement of this case, pursuant to Business and Professions
25 Code section 5107;

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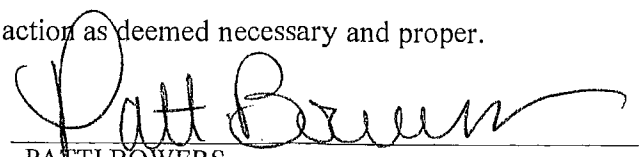
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3. Taking such other and further action as deemed necessary and proper.

DATED: June 8, 2010



PATTI BOWERS
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

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